

Year End Report 2015, Heliospectra AB ( publ)

# "Increased sales by 340 percent and breakthroughs in the market "

## July-December:

- Net turnover was KSEK 9,709 (1,247)
- Operating profit/loss was KSEK -18,256 (-14,072), involving a negative operating margin (neg)
- Profit/loss after tax was KSEK -19,717 (-14,068) or SEK -1 (-1) per share
- Operating cash flow was KSEK -16,458 (-15,627). Total cash flow was KSEK 11,621 (-17,431)

## January-December:

- Net turnover was KSEK 13,686 (3,110)
- Operating profit/loss was KSEK -32,360 (-32,901), involving a negative operating margin (neg)
- Profit/loss after tax was KSEK -33,954 (-33,670) or SEK -2 (-2) per share
- Operating cash flow was KSEK -16,458 (-15,627). Total cash flow was KSEK 11,621 (-17,431)

## Important events

### July–September

- Heliospectra's CEO makes a presentation to investors in the US via Webinar.
- The largest order ever equal to USD 672 thousand (SEK 5.7 million) from growers in Las Vegas in co-operation with American Cannabis. Installation during Q4.
- Heliospectra makes a presentation to investors at the well-known MoneyShow in San Francisco.
- Heliospectra has a targeted new share issue – brings in SEK 25 million to the company.
- Leading analyst firm includes Heliospectra in new Greenhouse and LED growing lamps report
- Heliospectra expands the Product portfolio – launches two new LED growing lamps
- Heliospectra's patent application also approved in Europe
- Major shareholders Weland and Midroc utilise TO 1 for subscription to Heliospectra.

### October - December

- Result from subscription options add approx. SEK 22.5 million, 90% utilisation rate
- Heliospectra is included in the OTCQB Index
- Heliospectra presents at the Viridian Cannabis Investor Symposium in New York
- Heliospectra signs an order for the new product Lightbar for vertical cultivation with a European grower worth approx. SEK 1.8 million.
- Heliospectra has chosen its nomination committee for the 2016 annual general meeting.
- Heliospectra is awarded research grants of KSEK 450 for innovative studies around the simulation of flavouring and nutrients in plants using light.

### Events after the period

- Redeye Corporate Finance launches a company analysis of Heliospectra with the title "LED Lightning Strikes Growers"
- Heliospectra (publ) receives a grant of SEK 500,000 to develop energy and water efficient cultivation of plants in the Middle East.
- Heliospectra carries out high-level recruitment of leading industry manager in the US

**CEO's comments:**

Dear Heliospectra AB shareholder,

When we look back at 2015, we can see that this year has been the year of Heliospectra's breakthrough in the market. We have more than quadrupled the turnover from SEK 3.1 million to SEK 13.7 million (340%) and we sense a strong momentum going into 2016.

During the end of 2014, we launched the LX60 and the RX30 series based on the same technical platform. LX60 is primarily sold to traditional growers of vegetables and flowers, as well as growers of medical cannabis. RX30 is more focused on research-intensive customers such as universities, institutions and large, international companies selling seeds, nutrients and pesticides – so-called agtech companies. It is interesting to note that researchers have now started to specify Heliospectra equipment when applying for research grants.

LX60 accounted for the largest share of turnover in 2015 and the company has increased production to meet the demand. The largest single order so far was worth SEK 5.7 million and was for a grower of medical cannabis in Las Vegas. The strategy is to meet customers at conferences and events and then follow this up with smaller pilot schemes which result in larger orders. As Heliospectra focuses on larger industrial volume clients, it is important to have direct contact in parallel with the distribution and sales channels that the company is establishing. An important aspect of the sales process is having satisfied customers acting as references for new, potential customers so that growers can talk to other growers. Overall, this has been a successful strategy.

During the third quarter, Heliospectra launched the E60 series which is a simplified version of LX60 and is based on the same technical platform, primarily intended for greenhouse growers. At the same time, a so-called lightbar was launched which is an oblong light fitting aimed at the fast-growing market for vertical growing in a controlled indoor environment. Just like LX60 and RX30, E60 and the lightbar has been developed in close co-operation with international customers. One result of this is that the company quickly received an order for lightbars worth SEK 1.8 million from an international greenhouse grower.

According to independent market analyses, all the markets Heliospectra operates in are growing rapidly. The market for medical cannabis in the USA is one of the fastest growing industries in North America. To date, Canada and 23 US states have legalised the growing of cannabis for medical purposes and a further four states will vote on this in 2016. Globally, there has been legalisation in Israel, Uruguay and parts of Australia and discussions are ongoing in many other countries. According to MarketsandMarkets, the market for LED lights for cultivation is growing at 26% per year, from USD 589 million to USD 1,940 million from 2015 to 2020. The traditional greenhouse market is still the largest but at the same time, the markets for vertical and indoor growing are expanding quicker and, put together, will be as large as the greenhouse market. Heliospectra is highlighted as one of the most interesting companies on the market with the right type of products.

The primary focus of the company is sales and all the surrounding activities which drive the sales process. At the same time, Heliospectra continues its innovative product development. Heliospectra has market-leading products and it is important to develop these further. The company's competence is mainly within product development and software development which is why all hardware manufacturing is done by subcontractors. The basis of the success is close co-operation with both customers and suppliers.

Compared with many other listed development companies, Heliospectra has a solid ownership structure with the three largest shareholders Weland, Industrifonden and Midroc. This, along with competent staff, fast-growing markets and world-leading products will ensure our continued success.

*Staffan Hillberg, CEO, Heliospectra AB*

The full report is available at <http://ir.heliospectra.com/en/financial-reports/>

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